GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:904
ANSWERED ON:17.08.2007
`INCREASE IN THE RATE OF INTEREST ON SMALL SAVINGS`
Mane Smt. Nivedita;Pradhan Shri Dharmendra;Rijiju Shri Kiren;Veerendra Kumar Shri M.P.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that low rate of interest on small savings in Post Office is hurting poor people particularly those living in rural areas; and

(b) if so, whether the Government proposes to consider a hike in the rate of interest on Post Office savings?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) : With the de-regulation of interest rates relating to banks, financial institutions and debt market, alternative saving options are available to all investors. However, the small savings schemes, carrying different terms and rate of interest administered by the Government of India, are designed to provide safe and attractive investment option to all individuals who invest in these savings schemes. The gross collections under small savings schemes in post offices and banks during the last three years have been Rs. 1,77,730 crore in 2004 - 05, Rs. 2,00,148 crore in 2005 - 06 and Rs. 1,81,705 crore in 2006 - 07 (Provisional).

(b): There is no proposal currently under consideration of Government to change the rate of interest on Post Office savings schemes.